

The Honorable Timothy W. Dore

Chapter 7

Hearing Date: January 17, 2014

Hearing Time: 9:30 AM

Hearing Location: US Courthouse /Seattle, WA

Response Due: January 17, 2014

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

IN RE:

Thomas Killion and Nicole Nelson,

Debtors.

Case No. 13-10561-TWD

Chapter: 7

DECLARATION OF JEFF FOODY
IN SUPPORT OF MOTION TO
EXTEND TIME FOR DEBTORS' TO
BUY OUT EQUITY IN RESIDENCE
OR IN THE ALTERNATIVE TO
VACATE THE DISCHARGE AND
CONVERT TO CHAPTER 13

I, Jeff Foody hereby declare as follows:

1. I am the Vice President of Reverse Mortgages Northwest and I have personal knowledge pertaining to the information in this declaration

2. There have been numerous issues and set backs on trying to complete this reverse mortgage transaction for Nicole Nelson and Thomas Killion, however, I am supremely confident that this loan will close very soon.

3. Issues that have complicated this loan process include a non-borrowing spouse, a bankruptcy, the borrower not being on title, and a gift of funds from a guy in the hospital... which when combined have resulted in unanticipated delays.

4. Due to circumstances beyond our control, we have to resubmit this loan to underwriting this week with a new FHA Case Number

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1 5. The long and short of it, is there have been some serious bumps in the process and
2 all but a few minor ones have been ironed out. This file is on an expedited course and all parties
3 involved understand the sense of urgency. However, due to the extenuating circumstances and
4 things out of everyone's control, I cannot give a definitive date for closing but once the file is
5 sent to underwriting, the estimate timeframe for closing is between 15 days to 25 days to closing.

6 6. This afternoon we received word from the appraiser that he will have to come out
7 and conduct a new appraisal to conform to the HUD guidelines.

8 7. To explain in greater detail, the issues started with the non-borrowing spouse. A
9 loan like this used to be done in the reverse mortgage space all the time and was relatively
10 common place. However, very recently AARP brought a law suit on behalf of three separate
11 people who were the non-borrowing spouses of reverse mortgage clients. As a result, all of the
12 reverse mortgage investors have clamped down on their willingness to accommodate reverse
13 mortgage applicants with non-borrowing spouses.

14 8. At the time of the application for the Killion/Nelson file we had two separate
15 investors that had very strict guidelines about reverse mortgages and non-borrowing spouses. We
16 took the application under their guidelines. Once the file was close to submission, the investors
17 were both made aware of the circumstances surrounding this file and neither of them would
18 underwrite it under their current guidelines. These lenders were all worried about the bankruptcy
19 and the non-borrowing spouse situation. To avoid problems, we went out and found another
20 investor who could do this deal for them.

21 9. This required another application and approval for a third investor specifically for
22 this file. We had to have their financials disclosed, their warehouse lines approved, etc... it was
23 quite the ordeal. Due to the situation, we could not submit the file to underwriting until they
24 received the investor approval. As far as the timing went, we received the title report on Monday
25 of last week. We had our investor approval on Wednesday and immediately submitted the file.
26
27

1 We then received the notification back from the underwriters addressed above on Thursday of
2 last week.

3 10. The underwriters requested that we resubmit the file with new dates after Tim
4 Killion was added to title on the house on January 3, 2014.

5 11. Since Tom was not on title when the loan was originally processed the property
6 was not in his name when Tom Killion signed the loan application, appraisal, title report and
7 other items for the loan had been completed. When the file was submitted to underwriting, the
8 underwriter picked through the file and said that everything else looked good, but instructed that
9 it would need to be resubmitted with dates after Tom was on title.
10

11 12. To fix this, the reverse mortgage company needed to cancel the FHA case
12 number, get a new one assigned and have the documents fixed accordingly from the new case
13 number.
14


15 13. Tom and Nicole have signed the new application documents and sent them to our
16 office overnight mail. We have pulled the new FHA Case Number, ordered the new appraiser
17 required due to the new FHA Case Number and updated the effective date on the title report. We
18 have also pulled new credit report effective today. As of today, we have almost everything we
19 need to resubmit the things requested from the underwriter. The underwriter has already looked
20 at the collateral and entire file and with the one exception of the having all of the documents
21 dated before Tom was on title, thought we didn't have a problem doing the loan. Just a few
22 minor things we would need to address and we are working on. The problem at the moment as
23 far as a time frame goes is out of our hands.
24

25 14. Late this afternoon, I finally heard back from the appraiser. He has informed me
26 that he will need to go out and re-inspect the property before issuing an updated report.
27

1 Unfortunately this process is out of our control delays the process by several days. Right now
2 we estimate we will have the appraisal bay Friday January 17, 2014 and will be able to submit a
3 full application to the underwriters on January 21, 2014. Assuming everything goes as planned,
4 we expect to get the file back from underwriting on or about January 24, 2014. Since there is a
5 three day right or rescission we expect to be ready for closing by January 31, 2014. However,
6 January 20, 2014 is a holiday and due to the issues with this file so far, we would be most
7 comfortable with an extension to February 14, 2014 which would allow us to fix any potential
8 remaining issues from underwriting.
9

10 I DECLARE THAT THE FOREGOING IS TRUE AND CORRECT TO THE BEST
11 OF MY KNOWLEDGE AND BELIEF.

12 DATED this January 14, 2014

13 
14 Jeff Foody